



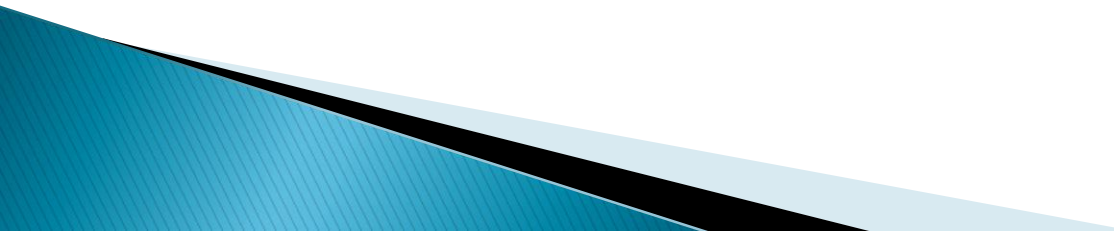
# Three Keys To Successful Saving

Celebrate America Saves Week 2012



Set a Goal. Make a Plan.  
Save Automatically.

# Why Save?

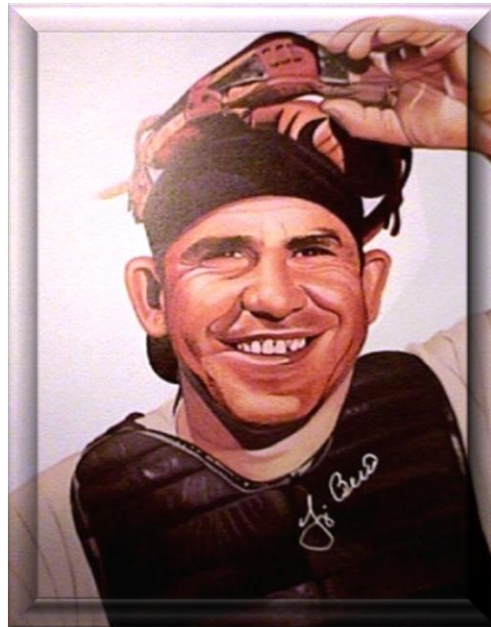
- ▶ To set aside money you could spend today...so you can spend it tomorrow!
  - ▶ What would happen if...
    - You lost your job?
    - Got sick?
    - Have an emergency?
  - ▶ How will you pay for big purchases?
  - ▶ Will you be able to retire?
- 



# Set a Goal....

“You've got to be very careful if you don't know where you're going, because you might not get there.”

– Yogi Berra



(Cothran and Wysocki, 2009)

# Set a Goal....

## SMART Goals

**S**pecific

**M**easurable

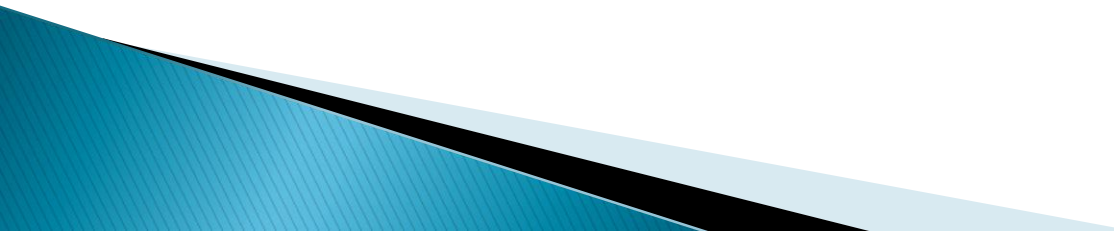
**A**daptable

**R**ealistic

**T**ime Bound



# SMART Goals

- ▶ *Will save \$2600 for a down payment on a car by saving \$50 a week for one year.*
  - ▶ *Will reduce credit card debt by paying an extra \$15 a month (above the minimum payment) for twelve months.*
- 





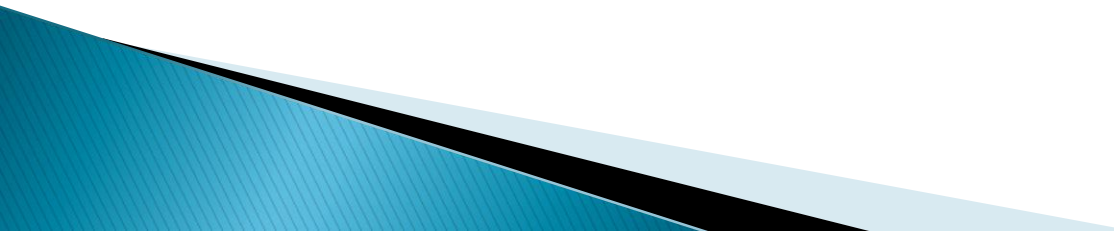
# Make a Plan....

- ▶ **Savings Plan** – A roadmap to help you reach specific financial goals
  
- ▶ **Benefits of a Savings Plan**
  - Save for short-term & long-term goals
  - Identify potential savings
  - Provides a cushion for emergencies
  - Avoid impulse spending
  - Stay out of debt



# Make a Plan....

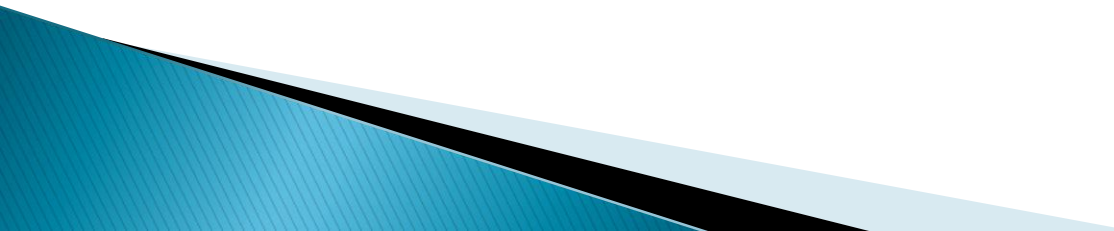
## Track Income and Expenses

- ▶ *Income* is money that is received
  - ▶ *Expenses* refer to payments that are made
    - *Fixed expenses* are payments that must be made each month and the amount stays the same.
    - *Flexible expenses* vary in amount depending on your choices.
    - *Seasonal or periodic expenses* occur less often than monthly
- 



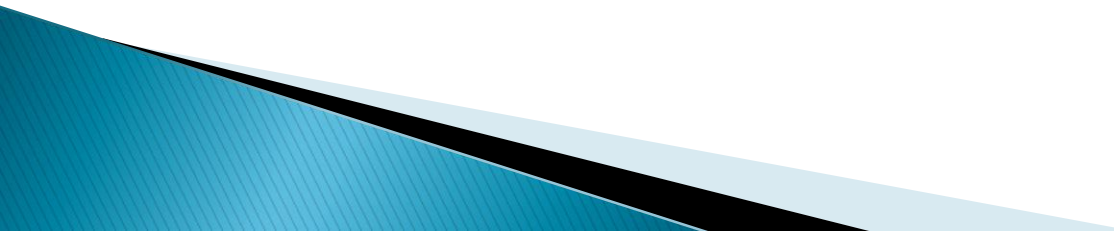
# Make a Plan....

## Needs vs. Wants

- ▶ *Needs* – Things that are necessary for basic living
  - ▶ *Wants* – Things that are not essential but you would like to have
  - ▶ Keep the percentage that goes to *wants* low.
- 

# Make a Plan....

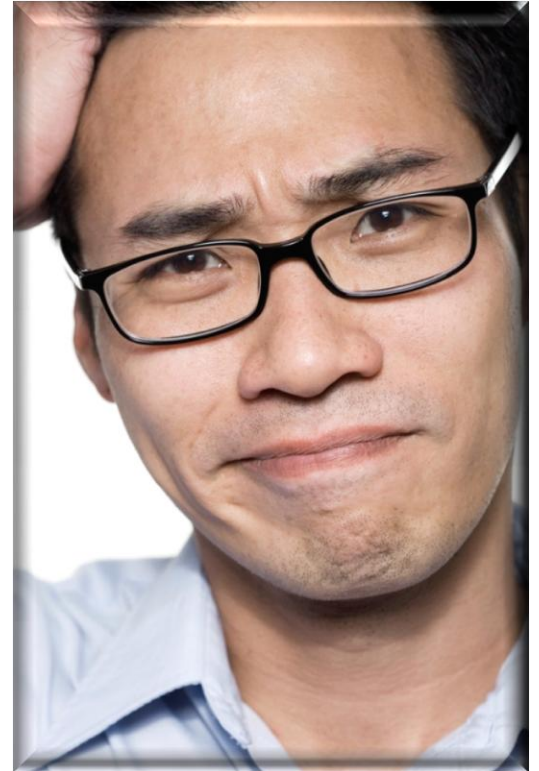
## Compare Income and Expenses

- ▶ Put money that is left over into savings
  - ▶ Live on less than you make
  - ▶ Make adjustments if expenses exceed income
  - ▶ Make tracking income and expenses a habit
- 

# Make a Plan....

## Develop a Spending Plan/Budget

How are you going to use the money that is available to you?



# Make a Plan....

## Develop a Spending Plan/Budget

Include spending categories for basic needs first, then allocate funds for the goals that have been identified

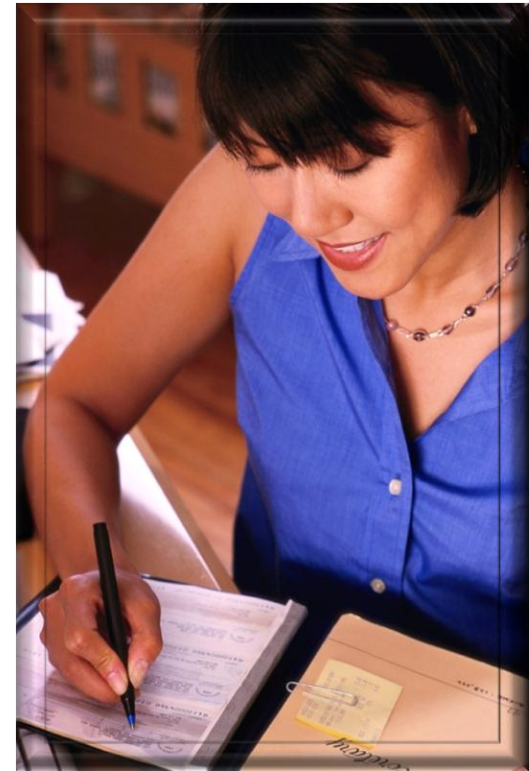
- ▶ Prioritize goals
- ▶ Carefully consider how much money to allocate to each category



# Make a Plan

## Develop a Spending Plan/Budget

- ▶ Develop a rainy day fund
- ▶ Save 3 to 6 months worth of expenses
- ▶ Use the spending plan/budget as a roadmap for managing your money
- ▶ Monitor spending constantly and make the necessary adjustments when you get off track



# Make a Plan....

## Where Will You Find Money to Save?

- ▶ You can't afford NOT to save!
- ▶ Simple strategies can make it possible to:
  - reduce spending
  - pay down debt
  - increase savings



# Make a Plan....

## Find Money to Save

### ▶ Reduce spending

- Cut back on expenses where you can
  - Eat out less often & cook at home more
  - Use the clothing you have longer
  - Shop at thrift stores and garage sales
  - Reduce energy use





# Make a Plan....

## Find Money to Save

### ► Avoid overspending

#### ◦ Buy only what you really need

- Shop with a list and stick to it
- Bundle services (e.g., cable, internet, phone)
- Use retailer discounts, promo codes and coupons to shop online
- Buy products in bulk



# Make a Plan....

## Find Money to Save

### ▶ Eliminate spending leaks

- Get rid of products & services that you no longer need or do not use
- Examine insurance policies and buy only what you need
- Use prepaid or “no contract” cell phone services
- Cancel memberships & subscriptions that you do not need



# Make a Plan....

## Find Money to Save

- ▶ Earn extra income
  - Improve your employment to generate money to save
    - Take on a part-time or second job
    - Start a business
    - Sell surplus items at a garage sale or online



# Make a Plan....

A savings plan puts you on the road to saving for your goals

- ▶ To achieve success
  - Utilize your savings plan to guide daily financial decisions
  - Adopt saving strategies



# Save Automatically....

- ▶ Pay Yourself FIRST!
- ▶ Payroll Department
- ▶ Pre-authorized transaction to a savings or investment account
- ▶ Online bill pay recurring payment



# Save Automatically....

- ▶ Is your goal less than 10 years in the future?
- ▶ Concerned about risking your money?
- ▶ Will you need to retrieve your money quickly?

**You are a saver!**



# Save Automatically.....

- ▶ Statement Savings
- ▶ Club or Special Goal
- ▶ Money Market Deposit Account
- ▶ Certificate of Deposit

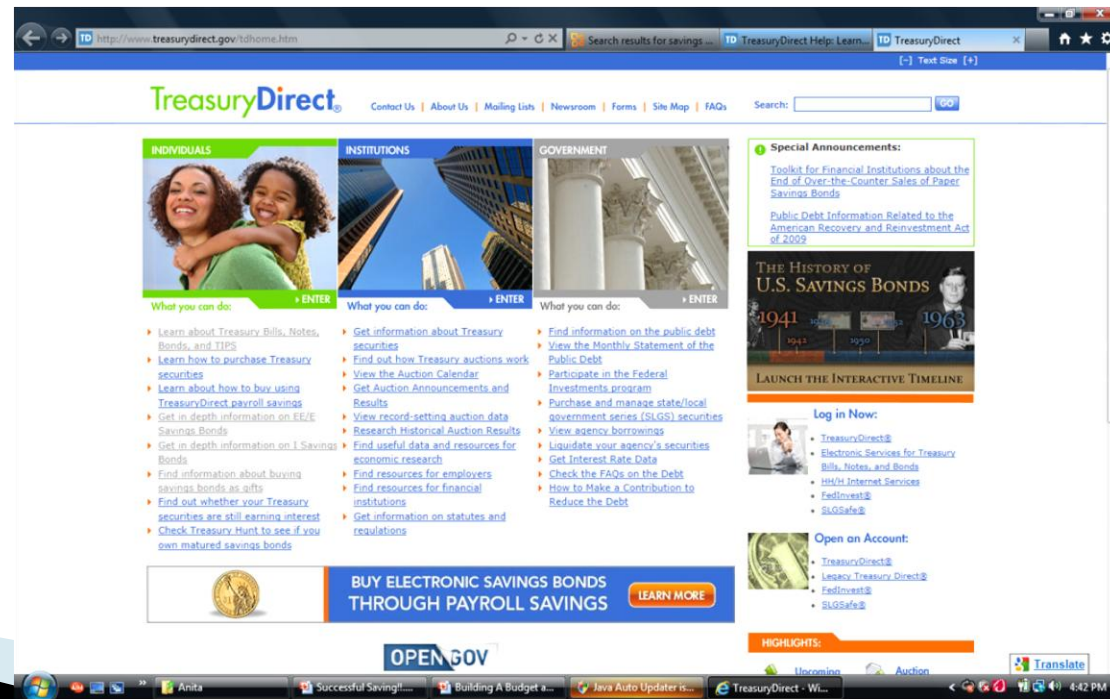
**Comparison shop APY at  
banks, credit unions, online**





# Save Automatically.....

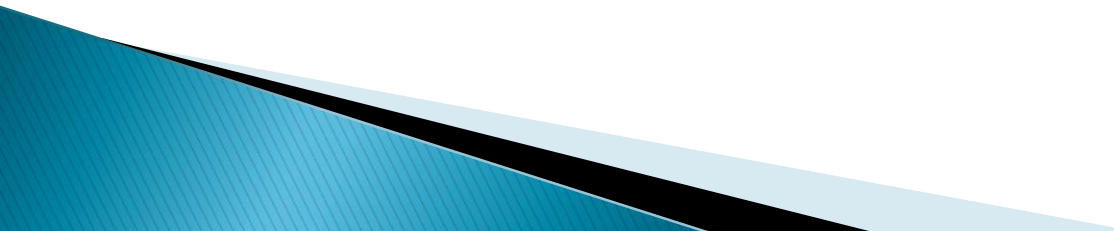
- ▶ U.S. Savings Bond (TreasuryDirect Payroll Savings)
- ▶ Money Market Mutual Fund (brokerage account)



# Save Automatically....

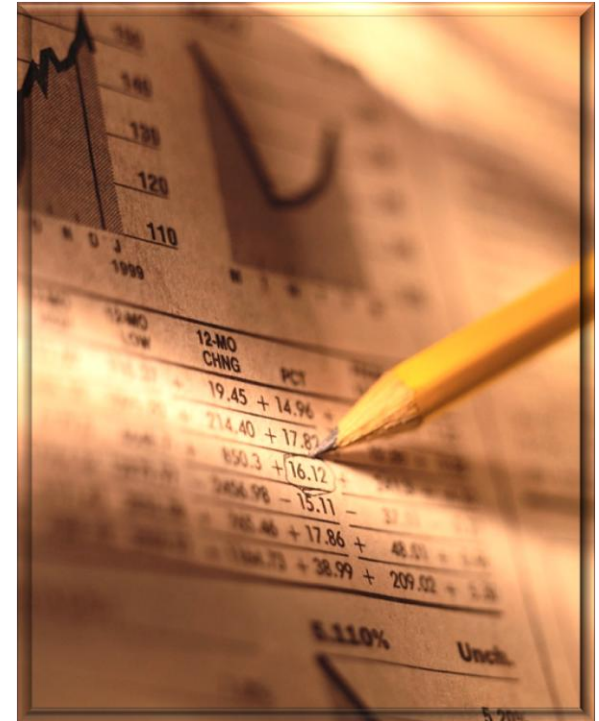
- ▶ Is your goal more than 10 years in the future?

**You are an investor!**

- Your principal is at risk
  - Return is usually greater over longer periods of time than savings products
  - Diversify
  - Dollar cost averaging
- 

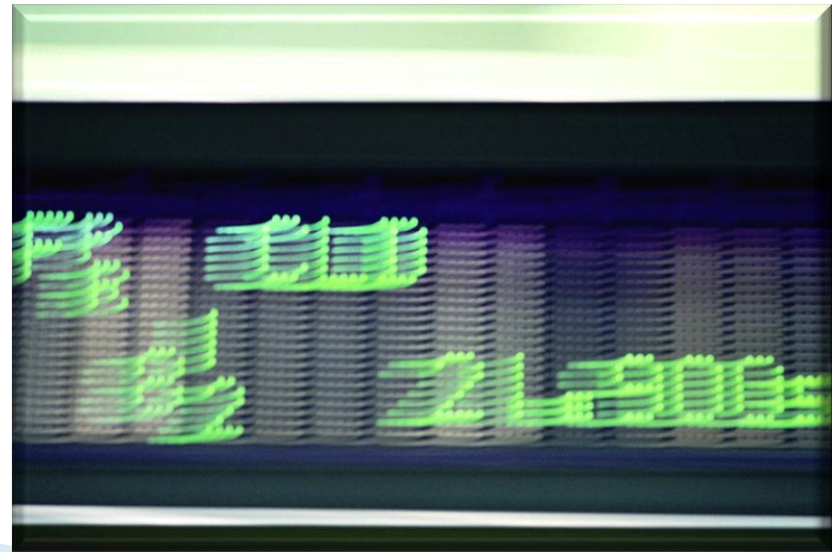
# Save Automatically.....

- Mutual funds
  - Managed funds
  - Index funds
  - Target-date funds
  - Balanced funds
  - Expense ratio
  - Load or commission



# Save Automatically.....

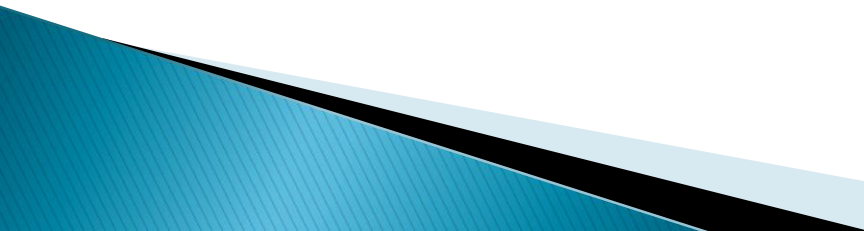
- Exchange Traded Funds (ETFs)
- Stocks
- Bonds
- Learn more by taking the online course Investing For Your Future at <http://www.extension.org>



# Save Automatically.....

## Is your goal for retirement?

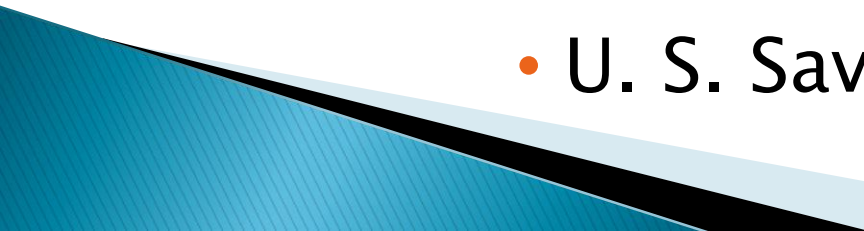
### Use a tax-advantaged account

- ▶ 401k / 403b / 457 or Thrift Savings Plan
  - ▶ Traditional IRA
  - ▶ Roth IRA
  - ▶ Self-employed plans SIMPLE, SEP
- 

# Save Automatically.....

## Is your goal for college saving?

### Use a tax-advantaged account

- 529 Investment Account
  - 529 Pre-paid Tuition Plan
  - Coverdell
  - Roth IRA
  - U. S. Savings Bonds
- 



# Turn Dreams to Reality



Set a Goal.  
Make a Plan.



Save Automatically.





# Celebrate America Saves Week

Become a Saver today!

<http://www.americasaves.org>



# Please complete the evaluation

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